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# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department  
Northwestern State University  
State of Louisiana  
Natchitoches, Louisiana

December 23, 1999



***Financial and Compliance Audit Division***

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***Daniel G. Kyle, Ph.D., CPA, CFE***  
***Legislative Auditor***

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### **LEGISLATIVE AUDITOR**

**Daniel G. Kyle, Ph.D., CPA, CFE**

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**ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA  
Natchitoches, Louisiana**

**Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 1999**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**December 23, 1999**

ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA

Financial Statement and  
Independent Auditor's Report  
For the Year Ended June 30, 1999

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OFFICE OF  
LEGISLATIVE AUDITOR  
STATE OF LOUISIANA  
BATON ROUGE, LOUISIANA 70804-5077

CHARLES G. STOLZENBERG, CPA, CMA  
LEGISLATIVE AUDITOR

ADMINISTRATIVE SERVICES UNIT  
1001 CANAL STREET  
BATON ROUGE, LOUISIANA 70804  
TELEPHONE: (504) 389-6800  
FACSIMILE: (504) 389-6800

October 30, 1998

Independent Auditor's Report  
(Including section on internal control)

**DR. RANDALL J. WEBB, PRESIDENT**  
**NORTHWESTERN STATE UNIVERSITY**  
**STATE OF LOUISIANA**  
Natchitoches, Louisiana

We have audited the general purpose financial statements of Northwestern State University, a component unit of the State of Louisiana reporting entity, as of and for the year ended June 30, 1998, and have issued our report thereon dated December 10, 1998. As requested by the university, we have also applied certain minimum agreed-upon procedures contained in the National Collegiate Athletic Association Financial Audit Guidelines to the accounting records and internal control structure of the Northwestern State University Athletics Department and to the related outside organization created for or in behalf of the university's intercollegiate Athletics Program for the year ended June 30, 1998, solely to assist the university in complying with the National Collegiate Athletic Association (NCAA) Bylaw 6.0.3.1. It is understood that this report is solely for your information. However, by provisions of state law, this report is a public document and has been distributed to the appropriate public officials.

Because the following minimum agreed-upon procedures do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items on the accompanying statement of revenues and expenditures of the athletic department or on the financial information of the related outside organization included in this report. Had we performed additional procedures or had we made an audit of any financial statements of the intercollegiate Athletic Program and related outside organization of Northwestern State University in accordance with generally accepted auditing standards, matters might have come to our attention that would be reported to you. This report relates only to the accounts and items discussed as follows and does not extend to the financial statements of Northwestern State University, its intercollegiate Athletic Program, or related outside organization taken as a whole. Our minimum agreed-upon procedures follow:

## LEGISLATIVE AUDITOR

DR. RAMBALL J. WEDD, PRESIDENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1998

### STATEMENT OF REVENUES AND EXPENDITURES

#### Test of Statement

We obtained from management the statement of revenues and expenditures for the year ended June 30, 1998, as shown on Statement A, and requested written representation from management as to its fair presentation. In addition, we verified the mathematical accuracy of the amounts on the statement and traced the amounts to the university's revenue and expenditure ledgers. We noted no differences between the amounts on the statement and the amounts in the revenue and expenditure ledgers.

#### Comparison of Statements

We compared the statements of revenues and expenditures for June 30, 1997, and June 30, 1998, to determine the percentage of increase or decrease between the two years. The university provided satisfactory responses for any material variances between the two years.

#### Comparison of Budget to Actual Revenues and Expenditures

We compared the amount of budgeted revenues and expenditures to actual revenues and expenditures for the year ended June 30, 1998, to determine if there were any material budget variances. The university provided satisfactory responses for any material unfavorable variances between budgeted and actual amounts.

#### Contributions Exceeding Ten Percent of Total Contributions

We obtained from the university a list of contributions received by the athletic department and determined there was no one individual contribution that exceeded 10% (\$25,457) of the total contributions.

## LEGISLATIVE AUDITOR

DR. RANDALL J. WEBB, PRESIDENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1969

### EXPENDITURES OF OUTSIDE ORGANIZATION MADE FOR OR IN BEHALF OF THE NORTHWESTERN STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM

#### Review of Financial Activities of the Outside Organization

We obtained written representation from management of the university that the Northwestern Athletic Association, a part of the Northwestern State University Foundation, Incorporated, was the only outside organization created for or in behalf of the athletic department. In addition, we obtained written representation from an official of the Northwestern State University Foundation, Incorporated, that the following summary of cash receipts and disbursements of the Northwestern Athletic Association reflects fairly the financial activity for the year ended June 30, 1969. Finally, we verified the mathematical accuracy of the amounts on the summary of cash receipts and disbursements and traced the amount of cash disbursements made for or in behalf of the Northwestern State University Athletic Department to the statement of revenues and expenditures (Statement A).

Cash balance, July 1, 1969	\$147,373
Cash receipts (donations, fund raising, etc.)	559,894
Cash disbursements	
Administrative/overhead expenses	(407,641)
For or in behalf of the athletic department:	
Personal services	(3,337)
Travel	(65,443)
Professional services	(3,878)
Scholarships	(53,813)
Sports camp	(46,414)
Equipment	(3,888)
	<hr/>
Cash balance, June 30, 1969	<u>\$142,213</u>

## LEGISLATIVE AUDITOR

DR. RANDALL J. WEBB, PRESIDENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

### INTERNAL CONTROLS - POLICIES AND PROCEDURES RELATING TO INTERCOLLEGIATE ATHLETICS - AGREED-UPON PROCEDURES

Management of Northwestern State University is responsible for establishing and maintaining internal controls. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in internal controls, errors or fraud may, nevertheless, occur and not be detected. Also, projection of any evaluation of the controls to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

The minimum agreed-upon procedures, applied to certain aspects of the university's internal controls, were more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole. Because our study and evaluation was limited to applying minimum agreed-upon procedures discussed in the preceding paragraphs to certain aspects of the controls, we do not express an opinion on whether the internal controls of Northwestern State University, in effect for the year ended June 30, 1999, taken as a whole, were sufficient to meet the objectives stated above. In connection with our applied procedures, we did note certain opportunities for improvement in internal accounting controls. Our minimum agreed-upon procedures are as follows:

#### **Test of the Internal Controls**

We performed a preliminary review of the internal controls of the athletic department by reviewing the organizational chart and written athletic department policies and procedures and by performing tests on the extent of documentation and the flow of transactions through the accounting system.

#### **Booster Group Activities**

We reviewed the university's procedures for monitoring booster group activities. The accounts of the Northwestern Athletic Association are maintained by the Northwestern State University Foundation, Incorporated. The athletic director and the university's comptroller receive audited annual financial statements from the foundation as a basis to monitor spending of the booster group for athletics.



LEGISLATIVE AUDITOR

DR. RANDALL J. WEISS, PRESIDENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

**Independent Audit of Outside Organization**

The financial statements of the Northwestern State University Foundation, Incorporated, have been audited by an independent certified public accounting firm for the year ended June 30, 1999.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

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**ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA  
(A PORTION OF) CURRENT FUNDS  
AUXILIARY ENTERPRISE FUND**

**Statement of Revenues and Expenditures  
For the Year Ended June 30, 1988**

<b>REVENUES</b>	
Season tickets	\$80,348
Gate receipts	\$2,328
Student fees	2,019,808
Quarantines	182,800
Program sales	9,104
Concessions	100
Outside funds	688,275
Payments in-kind (note 3)	40,758
Concession distribution	188,191
Sports camp fees	65,352
Other	58,898
Total revenues	<u>\$3,795,358</u>
<b>EXPENDITURES</b>	
Personal services:	
Coaches' salaries	\$48,251
Other salaries	\$63,837
Retired benefits	184,577
Loan cost	17,300
Travel	292,084
Operating services	348,490
Supplies	247,883
Fund salaries	76,361
Professional services	121,888
Other charges:	
Awards	8,768
Quarantines	48,270
Scholarships	857,085
Sports camp	48,414
Cultivation	75,047
Donor sports network	18,615
Eam Clouston Show	3,680
Entertainment and promotions	22,216
Other	106,440
Equipment	18,046
Total expenditures	<u>\$3,765,026</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u><b>\$30,332</b></u>

The accompanying notes are an integral part of this statement.

**ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA**

*Notes to the Financial Statement  
For the Year Ended June 30, 1990*

**INTRODUCTION**

Northwestern State University is a publicly supported institution of higher education. The university is a component unit of the State of Louisiana within the executive branch of government. The Northwestern State University Athletic Department is a part of Northwestern State University. This accompanying financial statement presents information only as to the transactions of the Northwestern State University Athletic Department.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FUND ACCOUNTING**

To observe limitations and restrictions placed on the use of available resources, the accounts of Northwestern State University are maintained in accordance with the principles of fund accounting. Such principles prescribe the manner in which resources for various purposes are classified, for accounting and reporting purposes, into funds that are in accordance with the activities or specified objectives. Accounts are maintained for the transactions of the athletic department as follows:

**Current Funds**

Current funds are operating funds that will be expended in the near future. They include all funds for operating purposes on which there are restrictions that limit the purposes for which the funds can be used, and they include the auxiliary enterprise fund. The auxiliary enterprise fund includes the accounts of the athletic department.

**B. BASIS OF ACCOUNTING**

The accounts of the athletic department are maintained on the accrual basis of accounting as follows:

**Revenues**

Substantially all revenues are recognized when earned.

## LEGISLATIVE AUDITOR

**ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

### Expenditures

Expenditures are recognized under the accrual basis of accounting when incurred, except that (1) depreciation is not recognized; (2) summer school fees and faculty salaries and related benefits for June are not reported, but are deferred to the succeeding year; and (3) inventories of the General Fund are recorded as expenditures at the time of purchase.

### C. EMPLOYEE COMPENSATED ABSENCES

Employees of the university working in the athletic department earn annual and sick leave in accordance with state law and administrative regulations. Leave benefits are reflected in the accompanying statement when earned.

### 2. CONTRIBUTIONS FROM OUTSIDE ORGANIZATION

Included on Statement A are expenditures made for or in behalf of the athletic department by the Northwestern Athletic Association as follows:

Personal services	\$0,007
Travel	88,873
Operating services	238,719
Supplies	64,570
Professional services	3,870
Fund raising	78,781
Scholarships	48,444
Sports camp	48,414
Equipment	<u>3,698</u>
Total	<u>\$637,174</u>

## LEGISLATIVE AUDITOR

**ATHLETIC DEPARTMENT  
NORTHWESTERN STATE UNIVERSITY  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

### 3. PAYMENTS-IN-KIND

Included on Statement A are payments-in-kind, which are recognized as outside funds that were received for or in behalf of the athletic department from outside organizations as follows:

Loan suits	\$17,500
Operating services	24,500
Supplies	<u>4,500</u>
Total	<u>\$46,500</u>

### 4. OUTSIDE ORGANIZATION CREATED FOR OR IN BEHALF OF THE NORTHWESTERN STATE UNIVERSITY INTERCOLLEGIATE ATHLETICS PROGRAM

The Northwestern Athletic Association is the only outside organization created for or in behalf of the Northwestern State University Intercollegiate Athletics Program. The accounts for this club are maintained within the Northwestern State University Foundation, Incorporated, which is a separate corporation.